



**For Immediate Release:**  
**February 19, 2013**

## **Campbell Questions FHA Commissioner on Evidence of Mission Creep**

**Washington, DC** – Last week, the House Financial Services Committee held a hearing on the Federal Housing Administration's fiscal health and its proper role in the mortgage insurance market. The hearing, "Bailout, Bust, or Much Ado About Nothing?: A Look at the Federal Housing Administration's 2012 Actuarial Report", featured testimony from FHA Commissioner Carol Galante. Members of the Financial Services Committee questioned Galante about FHA's imminent insolvency, risk of future defaults and risk to the taxpayer, and concerns over the fact that FHA mortgage insurance has displaced private-sector insurance.

Congressman John Campbell (CA-45) stressed the need for the FHA to protect taxpayer money and take immediate steps to both limit taxpayer exposure and return the FHA to its historical role. Campbell pointed out to Commissioner Galante that the FHA has become the preferred lender for high-priced mortgages and has almost completely crowded out private-sector insurance. He asked Galante to explain how continuing to operate outside of the restrictions and rules which currently regulate private lenders will help to shrink FHA's market share of mortgage loans and accomplish the goal of returning the public agency to its original mission.

**REP. CAMPBELL: FHA Is Crowding Out Private-Sector Lenders**



[Click to Watch Video](#)

**CAMPBELL:** *On the QM and QRM proposals. FHA would be exempt from risk retention elements and some of the underwriting provisions. So, FHA wouldn't have to have risk retention and you wouldn't have to follow certain underwriting principles. Wouldn't it better if that were not the case? If you were following similar rules to the private mortgage market? If we want – and again, keeping you at your original mission – but, if we want private mortgage insurance to start to step in and take over where you are right now.*

**GALANTE:** *So, again, the only rule that we have is the qualified mortgage. And, FHA will be writing its own qualified mortgage standard. The QRM is still under discussion in terms of...in rulemaking. So, I can't speak to and we don't know what the terms and conditions of those QRM will be.*

**CAMPBELL:** *OK, but regardless of where they are, should you have a different standard than the private mortgage insurance market on things like risk retention, etc.?*

**GALANTE:** *Well, again, we're a government agency. We don't have the same kind of capital requirements...we're not borrowing...we're not getting equity from private entities that we need to pay a return on-*

**CAMPBELL:** *No, no, but you are getting equity from the taxpayer. And, you don't need to pay a return, but we need to protect that money. We need to be as judicious with it as possible - understanding the mission of FHA.*

**###**